

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7345

BILL NUMBER: SB 298

NOTE PREPARED: Mar 16, 2009

BILL AMENDED:

SUBJECT: Various Lottery Matters.

FIRST AUTHOR: Sen. Merritt

FIRST SPONSOR: Rep. Grubb

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Social Security Numbers:* The bill authorizes the Lottery Commission to obtain an individual's Social Security number in the course of an investigation of a vendor, retailer, or prize winner.

Instant Lottery Prize Redemptions: The bill extends the period in which an instant prize may be claimed from 60 to 180 days after the end of the Lottery game.

UCC Exception for Lottery Prizes: The bill provides that the right to a prize in the State Lottery is not considered an account for purposes of the Uniform Commercial Code. (This provision eliminates a conflict between the Lottery Law, which does not permit the right to a prize to be assigned, and the Uniform Commercial Code, which does.)

Lottery Prize Intercepts: The bill requires the Lottery Commission to deduct from a lottery prize amounts intercepted by law for payment to the state and pay the balance of the prize to the prize winner. (Current law requires the Lottery Commission to transfer the prize to the Auditor of State who makes the deduction and pays the balance to the prize winner.)

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Lottery Prize Intercepts:* The bill would require the Hoosier Lottery instead of the Auditor of State to deduct amounts from certain Lottery prizes to pay debts a prize winner owes to a state agency, delinquent state taxes, or child support. Currently, the Hoosier Lottery transfers the prize money to the Auditor who then deducts the amount owed and pays the remainder to the prize winner.

Under the bill, the Hoosier Lottery would transfer the amounts it deducts for debts to the Auditor of State and then pay any remaining prize money to the prize winner. The administrative impact of this change should be minimal, as the Hoosier Lottery already receives reports from the Treasurer, the Department of State Revenue, the Department of Administration, the Department of Transportation, the Attorney General, and the courts identifying persons who owe debts to state agencies, delinquent state taxes, or child support.

Explanation of State Revenues: *Instant Lottery Prize Redemptions:* The bill extends the deadline for redeeming a winning instant lottery ticket from 60 days after the end of the lottery game to 180 days after the end of the lottery game. By lengthening the redemption period for winning instant tickets, the bill could potentially reduce unclaimed prize amounts used in future prize pools or prize promotions. To the extent that this reduces the payout rate on future games, it could reduce sales of those games and revenue to the state from lottery profits. The extent of this impact is indeterminable because data does not exist on instant ticket redemptions past the current 60-day deadline.

Current statute sets the redemption deadline for lottery draw games at 180 days after the drawing or end of the lottery game play in which the prize was won. However, the instant ticket redemption deadline is 60 days after the end of the game. Unclaimed prize amounts: (1) in FY 2007 totaled about \$6.7 M from instant tickets and about \$5.2 M from draw game tickets; and (2) in FY 2008 totaled about \$8.4 M from instant tickets and about \$5.0 M from draw game tickets.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Hoosier Lottery; Auditor of State.

Local Agencies Affected:

Information Sources: Kathryn Densborn, Hoosier Lottery, (317) 264-4946.

Fiscal Analyst: Jim Landers, 317-232-9869.